

## Message Text

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ACTION ARA-10

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 /095 W

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R 140115Z NOV 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1181

INFO AMEMBASSY CARACAS

USDEL MTN GENEVA

ALL CONSULATES IN MEXICO

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E.O. 11652: N/A

TAGS: EGEN, ETRD, PFOR, MX

SUBJ: MEXICO AND SELA

REF: A. CARACAS 11301; B. MEXICO 9264

1. SUMMARY: WHILE ADMITTING GOVE IS TAKING LEAD IN SELA ACTIVITIES, GOM OFFICIAL HERE SEELS SELA AS WORTH SUPPORTING FOR AT LEAST THREE REASONS: 1) ABILITY TO PUT TOGETHER DEALS INVOLVING CREATION OF MULTNATIONAL CORPORATIONS FOR REGIONAL DEVELOPMENT; 2) IMPROVEMENT OF TECHNICAL AND PROFESSIONAL LEVEL OF LA NEGOTIATORS VIS-A-VIS TRANS-NATIONALS; AND 3) GREATER EQUALITY AMONG LAS THEMSELVES, WITH SELA OVERSEEING BILATERAL AGREEMENTS AMONG LARGE AND SMALL COUNTRIES OF THE HEMISPHERE. MEXICAN SECRETARIAT OF NATIONAL PATRIMONY IS IN CONTROL OF GOM PARTICPATION IN SELA, AND CONTINUED MEXICAN ENTHUSIASM FOR NEW ORGANIZATION MAY DEPEND IN PART ON FORTUNES OF CONTROVERSIAL YOUNG SECRETARY OF NATIONAL PATRIMONY, FRANCISCO JAVIER ALEJO. END SUMMARY.

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2. EMBECONOFF MET RECENTLY WITH LIC. MANUEL SUAREZ-

MIER, INVOLVED IN INTERNATIONAL AFFAIRS WITHIN GOM SECRETARIAT OF NATIONAL PATRIMONY (SEPNAL). AMONG SUBJECTS DISCUSSED WAS CREATION OF SISTEMA ECONOMICO LATINOAMERICANO (SELAL), LOCATION OF HEADQUARTERS IN CARACAS, AND NAMING OF ECUADORIAN ECONOMIST JAIME MONCAYO AS PERMANENT SECRETARY.

3. SURAEZ-MIER NOTED THAT VENEZUELA IS DEFINITELY TAKING THE LEAD IN THE CREATION OF SELA, AND EXPRESSED THE BLIEF THAT THE NEW ORGANIZATION WOULD UNDOUBTEDLY BE MOST USEFUL TO GOV PRESIDENT PEREZ IN HIS EFFORTS TO EXTEND HIS INFLUENCE IN LA, AND PARTICULARLY IN CARIBBEAN COUNTRIES. HE ADDED THAT THE UNDERSTOOD THAT VENEZUELA WAS UNDERWRITING SELA IN THE AMOUNT OF SOME 1 MILLION DOLLARS OVER THE NEXT YEAR, IN ORDER TO COVER THE COSTS OF THE ESTABLISHMENT OF THE PERMANENT SECREARIAT, SALARIES, ECT. HE ALSO SEES SELA AS AN EXCELLENT REENTRY VEHICLE FOR CUBA IN LA ECONOMIC AFFAIRS, AND SEEMS CONVINCED THAT CUBA WILL NOT MISS THE OPPORTUNITY TO INCREASE ITS PARTICIPATION IN LA ECONOMIC PROJECTS.

4. THERE ARE AT LEAST THREE KEY REASONS WHY MEXICO SHOULD GIVE STRONG SUPPORT TO SELA, ACCORDING TO SUAREZ-MIER. THESE INCLUDE: A) THE SELA SECRETARIAT WILL BE ABLE TO PUT TOGETHER A NUMBER OF DEVELOPMENT PROJECTS INVOLVING THE ESTABLISHMENT OF MULTINATIONAL CORPORATIONS (HERE IT IS IMPORTANT TO RECOGNIZE THE MEXICAN DISTINCTION BETWEEN MULTINATIONAL COPORATIONS, COMPOSED OF GOVERNMENT OR PARASTATAL AGENCIES OF TWO OR MORE DEVELOPING COUNTRIES, AND TRANSNATIONAL ENTERPRISES, THE BAD GUYS). AN EXAMPLE SUAREZ-MIER PROVIDED WAS THE BAUXITE TRINAGULAR NOW UNDER CONSIDERATION, WITH JAMACIA PROVIDING BAUXITE, MEXICO PROVIDING THE TECHNOLOGY TO CONVER IT TO ALUMINUM, AND VENEZUELA FINANCING THE PROJECT. IN THE FUTURE, AN AL MULTINATIONAL SHIPPING FIRM MIGHT EVEN PROVIDE THE TRANSPORTATION OF THE BAUXITE AND THE ALUMINUM, SUAREZ-MIER ADDED. B) SELA AND THE NEW MULTIONATIONALS WILL BE MUCH MORE TECHNOLOGICALLY AND PROFESSINALLY COMPETENT THAN LA FIRMS OR LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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GOVERNMENTS HAVE BEEN IN THE PAST, SUAREZ-MIER BELIEVES, AND WILL BE ABLE TO APPROACHE TRANSNATIONAL FIRMS ON THE BASIS OF EQUALITY, THUS AVOIDING THE POLITICAL PROBLEMS INHERENT IN A SMALL COMPANY OR COUNTRY BEING EXPLOITED BY A GAIN T TRANSNATIONAL. AS AN EXAMPLE, HE SAID, SUPPOSE THE NEW BAUXITE MULTINATIONAL WANTS TO INVITE A MAJOR ALUMINUM FIRM TO SUPPLY NEW TECHNOLOGY. THIS CAN BE DONE EASILY AND IN A FAIR WAY UNDER THE NEW ARRANGEMENT, WHEREBY THE LA FIRM IS NOT DEPENDENT ON THE TRANSNATIONAL FOR FINANCING, MARKETING, OR TRANSPORT; C) A THIRD ADVANTAGE

WHICH SELA OFFERS IS THAT BILATERAL AGREEMENTS BETWEEN LA COUNTRIES, E.G. BRAZIL AND GUYANA, CAN BE PROPERLY MONITORED, SO THAT THE STRONGER COUNTRY DOES NOT ALWAYS GET THE BETTER DEAL. APPROVAL BY THE SELA SECRETARIAT OF A PROPOSED PROJECT WILL PROVIDE A GUARANTEE TO SMALLER COUNTRIES THAT THEIR RIGHTS ARE BEING PROTECTED, SUAREZ-MIER AVERRED.

5. THE KEY ROLE PLAYED BY MEXICO'S SECRETARY OF NATIONAL PATRIMONY AT THE PANAMA MEETING WAS STRESSED BY SUAREZ-MIER, WHO EXPRESSED THE BELIEF THAT IF NEGOTIATIONS HAD BEEN LEFT IN THE HANDS OF TREASURY (TOO CONSERVATIVE) OR THE FOREIGN OFFICE (UTTERLY INEPT) SELA WOULD NEVER HAVE COME INTO BEING. SUAREZ-MIER ADMITTED THAT THESE AND OTHER MINISTRIES WITHIN THE GOM ARE LESS THAN ENTHUSIASTIC ABOUT SELA, BUT INSISTED THAT AS LONG AS ALEJO REMAINS AS HEAD OF SEPANAL MEXICO WILL CONTINUE TO GIVE SELA ITS STRONG SUPPORT.

6. COMMENT: SELA'S FUTURE AS AN IMPORTANT FACTOR IN MEXICAN FOREIGN ECONOMIC POLICY WOULD SEEM TO SEPEND IN LARGE PART ON THE PROSPECTS OF THE BRASH, YOUNG SEPANAL SECRETARY, WHO IS NOT BELIEVED TO BY FULLY IN GOOD GRACES OF MEXICO'S NEXT PRESIDENT, JOSE LOPE-PORTILLO. IT IS BY NO MEANS CERTAIN THAT A FUTURE HEAD OF SEPANAL (THE PRESENT HEAD OF THE FEDERAL ELECTRICITY COMMISSION AND CHILDHOOD FRIEND OF LOPEZ-PORTILLO, ARSENIO FARELL, HAS BEEN RUMORED FOR THE JOB) WOULD HAVE THE SAME ENTHUSIASM FOR THE NEW ORGANIZATION, AND INTEREST IN SEAL OUTSIDE OF SEPANAL, UP TO NOW AT LEAST, HAS BEEN MODEST INDEED.

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## Message Attributes

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